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RUEHBR/AMEMBASSY BRASILIA 1002  
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RUMIAAA/HQ USSOUTHCOM J2 MIAMI FL  
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UNCLAS SECTION 01 OF 03 PORT AU PRINCE 000612

SIPDIS

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STATE FOR WHA/CAR  
S/CRS  
WHA/EPSC  
EB/IFD/ODF  
EB/IFD/OMA  
STATE PASS TO USAID FOR LAC/CAR  
TREASURY FOR JEFFERY LEVINE  
INR/IAA (BEN-YEHUDA)

E.O. 12958: N/A

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SUBJECT: UNDER SECRETARY SHINER,S VISIT TO HAITI

REF: PAP 558

1. Summary. Under Secretary of State for Economic, Business and Agricultural Affairs, Josette S. Shiner, visited Haiti March 24 - 25 as part of a review of UN assistance programs. She traveled to a rural township in northeast Haiti where the United Nations Development Program (UNDP) assists with local governance projects. Upon returning to the capital, she met with President-elect Rene Preval who said that his top priorities were reinforcing Haiti,s public institutions and creating conditions for private foreign and domestic investment. Preval responded with enthusiasm at the Under Secretary,s mention of bringing the "Businesses Building

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Bridges" private sector initiative to Haiti. Minister of Finance Henri Bazin told the U/S that the Interim Cooperation Framework is most effective when it engages the local population. The U/S also listened to representatives from international developmental organizations and business leaders on UN and donor involvement on the ground. Throughout U/S Shiner,s visit, the Haitians stressed the importance of HOPE/HERO legislation. End summary.

U/S on the Ground Visiting UNDP Projects in Northeast Haiti

2. U/S Shiner,s first stop was Capotille, one of four rural townships in Northeast Haiti where the United Nations Development Program (UNDP) has pilot projects to support local governance. While in Capotille, the U/S visited a school built by UNDP, which has 385 students but only four teachers. The school director explained that this is the only school in the area for children aged eight to 14. Theschool works with the Wold Food Program to feed te children a meal of rice, peas, flour and meat ach day, the only source of nourishment for a maority of the children. Along the way, U/S Shinervisited several UNDP-constructed water pumps, th only source of water for the people during the dr season.

3. U/S Shiner visited a cassaverie, a one-room factory for making cassava pancakes from yucca, a root vegetable. According to the UNDP director for Northeast Haiti, the project works not only to encourage manufacturing cassava pancakes to feed the people, but also to sell the pancakes at markets along the border with the Dominican Republic, a 25 minute walk from Capotille. The U/S finished her tour by visiting the Capotille women's collective, where women produce, bottle and market goods for sale to the local community. U/S Shiner praised the participation of the women in the local economy.

4. The Under Secretary spoke with the press twice on the trip to the north. She summarized her impressions of the trip thus far and took the opportunity to encourage all eligible Haitians to vote in the second round of legislative elections. In addition, she emphasized the need for better child welfare and improved agricultural development.

President-elect Preval Concentrates on Problem Solving

5. Preval told U/S Shiner that his top priorities were reinforcing Haiti's public institutions and creating conditions for private foreign and domestic investment. He praised the contributions of donors through the International Coordination Framework (ICF) but said that the ICF had proved cumbersome and disbursements too slow. Preval also said that MINUSTAH needed to replace its "tanks" with road building equipment. (Note: This is a popular line, but MINUSTAH has no tanks in Haiti. End note.)

6. U/S Shiner highlighted the "Businesses Building Bridges" program as a possibility for Haiti, stressing that it would

be most useful if Preval's government could formulate a development plan for the participating businesspeople to evaluate. Preval responded enthusiastically, ordering his economic advisors present to finish a draft plan before his inauguration, and noting that for some sectors, such as mangoes, planning was well underway. Preval's economic advisor Gabriel Verret enumerated several other areas of

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cooperation the new government hoped to explore with the USG.

These included the renewal of the OPIC agreement, set to expire in the coming weeks, utilization of Trade Development Agency mechanisms, preferential trade legislation for Haiti along the lines of HOPE/HERO, and coverage of Haiti's financing gap. On the last point, Verrett stressed that the new government could be economically crippled if the deficit caused the IMF and World Bank to suspend their programs.

Finance Minister Bazin on the Impact of Aid

17. The Under Secretary and Finance Minister Bazin discussed what works and what does not in terms of development assistance in Haiti. Under the Interim Cooperation Framework, donors have pledged approximately USD 1.1 billion for Haiti, of which approximately USD 800 million has already been dispersed. Bazin said that practical projects that improve Haitians' day-to-day lives are the most successful. He cited USAID's program to provide uniforms and supplies to school children, and USAID's support of electricity generation as two visible success stories. The key is to involve the local population. The Finance Minister commented that one of the negative parts of the ICF is that the wide variety of donors, with different agendas and ways of doing business, sometimes overloads Haitian ministries. One of the advantages of UN involvement is that it is seen as neutral by the receiving country. Bazin ended the meeting by making a plug for HERO/HOPE, arguing it would create employment in the country.

UN/International Financial Institutions on Donor Coordination

18. At a dinner for UN representatives and the International Financial Institutions (IFI's) most participants agreed that UN agency coordination generally works well in Haiti. Much depends on the individual personnel on the ground, and although collaboration could always be improved, there were no major problems or disconnects in Haiti. The UN brings regional expertise that individual donors lack, by involving technicians from all over Latin America, for instance, on one team. Finance Minister Bazin pointed out, however, that so many agencies on the ground cause a competition for local brain power, making it difficult for the Haitian government to retain talented people, and a strong UN presence tends to drive up salaries, rents and consumer prices.

The Private Sector Discusses Assistance to Haiti

19. Before departing, U/S Shiner had breakfast with representatives of the private sector, including from the AmCham, Manufacturers' Association, Bankers' Association, and Mango Growers' Association, for a frank and wide ranging discussion. U/S Shiner called on the private sector to engage constructively with the new Preval government, and asked about their impressions of UN coordination. Private sector reps told the Under Secretary that the UN has had a mixed record in Haiti. Although the UNDP has done a good job, all claimed that the peacekeeping force MINUSTAH was a disappointment as insecurity is still a major impediment to business. All were critical of the ICF, claiming that they saw little improvement in their daily lives despite the large expenditure of donor funds in their country. Participants agreed that the agriculture sector and the environment have largely been ignored by the donors. The private sector, too, made a pitch for HERO/HOPE.

110. At a press conference at the international airport just prior to departing, the Under Secretary stressed that on the eve of the second round of elections, the international community, and especially the United States, wants to join Haiti in a partnership. She told the assembled reporters that it was important to install market mechanisms in the agricultural sector and to bolster exports. She urged the development of a clear vision and priorities for economic development, emphasizing that while the United States stands ready to help, Haiti needs practical solutions to real problems.

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111. Comment. The visit by U/S Shiner was well-received by international and local officials, as well as the private sector. Press coverage during and following the visit was extensive. Not only did the U/S view UN programs on the ground, but she effectively delivered a message of U.S. support for the democratic process and the new government. End comment.

112. U/S Shiner's office has cleared on this message.  
SANDERSON